



QUARTERLY STATEMENT

AS OF JUNE 30, 2006
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383	3383	NAIC Company Code	95561	Employer's ID Number	38-2715520
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Incorporated/Organized	03/07/1986		Commenced Business	10/15/1986		
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501	616-464-8235		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501	616-464-8144		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	www.priority-health.com					
Statutory Statement Contact	Nicholas P Gates			616-464-8144		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	nicholas.gates@priority-health.com			616-942-7916		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	1231 East Beltline NE		Grand Rapids, MI 49525-4501	800-446-5674		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	Chief Executive Officer	Judith W Hooyenga	Secretary
Dennis J Reese	Chief Financial Officer		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Richard C. Breon	Joseph L Brock	Gaylen J Byker	Craig Bethune
Kenneth J Fawcett	Michael P Freed	Jon M Gans	David E Gast
Jerold R Harwood	Christina MacInnes	Nicholas P Kokx	Lynn M Kotecki
Peter B Lundeen	Charles E McCallum	Kathleen Ponitz	Timothy V Smith
Hilary F Snell	Dale M Sowders	Jody D Vanderwel	Thomas J Wesholski
David B Johnson	Dennis Aloia	Daniel H Baldwin	Stephen W Burkhammer
Stephen Reznicek	Robert Roth	Thomas Schwaderer	

State of Michigan
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn
Chief Executive Officer

Judith W Hooyenga
Secretary

Dennis J Reese
Chief Financial Officer

Subscribed and sworn to before me this
15th day of August, 2006

Cheryl Britcher, Executive Administrative Assistant
12/30/2011

- a. Is this an original filing? Yes [X] No []
- b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	130,511,973	0	130,511,973	128,081,299
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	44,325,455	0	44,325,455	46,390,245
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$0 encumbrances)	267,986	267,986	0	78,217
4.2 Properties held for the production of income (less \$0 encumbrances)			0	0
4.3 Properties held for sale (less \$0 encumbrances)			0	0
5. Cash (\$(5,691,164)), cash equivalents (\$2,501,457) and short-term investments (\$129,862,622)	126,672,915		126,672,915	150,093,072
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities	0	0	0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	301,778,329	267,986	301,510,343	324,642,833
11. Title plants less \$charged off (for Title insurers only)	0	0	0	0
12. Investment income due and accrued	2,788,539	0	2,788,539	2,771,769
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	11,042,490	0	11,042,490	8,178,410
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	0	0	0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software	0		0	0
19. Furniture and equipment, including health care delivery assets (\$0)	0	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	12,570,227	0	12,570,227	4,144,185
22. Health care (\$7,027,851) and other amounts receivable	7,089,172	3,352,327	3,736,845	3,887,003
23. Aggregate write-ins for other than invested assets	52,953	52,953	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	335,321,710	3,673,266	331,648,444	343,624,200
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
26. Total (Lines 24 and 25)	335,321,710	3,673,266	331,648,444	343,624,200
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Expenses.....	52,953	52,953	0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	52,953	52,953	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	.....69,173,568	.....6,927,240	.....76,100,808	.....80,832,493
2. Accrued medical incentive pool and bonus amounts	.....10,772,422	.....0	.....10,772,422	.....39,355,348
3. Unpaid claims adjustment expenses	.....1,090,022	.....171,808	.....1,261,830	.....1,649,642
4. Aggregate health policy reserves	.....713,950	.....0	.....713,950	.....713,950
5. Aggregate life policy reserves			.....0	.....0
6. Property/casualty unearned premium reserve			.....0	.....0
7. Aggregate health claim reserves			.....0	.....0
8. Premiums received in advance	.....19,586,418		.....19,586,418	.....9,430,851
9. General expenses due or accrued	.....2,227,119		.....2,227,119	.....2,874,965
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			.....0	.....0
10.2 Net deferred tax liability			.....0	.....0
11. Ceded reinsurance premiums payable			.....0	.....0
12. Amounts withheld or retained for the account of others			.....0	.....0
13. Remittances and items not allocated			.....0	.....0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			.....0	.....0
15. Amounts due to parent, subsidiaries and affiliates	.....2,822,277		.....2,822,277	.....969,597
16. Payable for securities			.....0	.....0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			.....0	.....0
18. Reinsurance in unauthorized companies			.....0	.....0
19. Net adjustments in assets and liabilities due to foreign exchange rates			.....0	.....0
20. Liability for amounts held under uninsured plans	.....364,974		.....364,974	.....0
21. Aggregate write-ins for other liabilities (including \$ current)	.....0	.....0	.....0	.....0
22. Total liabilities (Lines 1 to 21)	.....106,750,750	.....7,099,048	.....113,849,798	.....135,826,846
23. Aggregate write-ins for special surplus funds	.....XXX	.....XXX	.....0	.....0
24. Common capital stock	.....XXX	.....XXX	.....10,524	.....10,524
25. Preferred capital stock	.....XXX	.....XXX		.....0
26. Gross paid in and contributed surplus	.....XXX	.....XXX	.....35,819,002	.....35,819,002
27. Surplus notes	.....XXX	.....XXX		.....0
28. Aggregate write-ins for other than special surplus funds	.....XXX	.....XXX	.....1,000,000	.....1,000,000
29. Unassigned funds (surplus)	.....XXX	.....XXX	.....180,969,120	.....170,967,828
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24) \$ ..... )	.....XXX	.....XXX		.....0
30.2 shares preferred (value included in Line 25) \$ ..... )	.....XXX	.....XXX		.....0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	.....XXX	.....XXX	.....217,798,646	.....207,797,354
32. Total liabilities, capital and surplus (Lines 22 and 31)	.....XXX	.....XXX	.....331,648,444	.....343,624,200
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	.....0	.....0	.....0	.....0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	.....0	.....0	.....0	.....0
2301. ....	.....XXX	.....XXX		
2302. ....	.....XXX	.....XXX		
2303. ....	.....XXX	.....XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	.....XXX	.....XXX	.....0	.....0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	.....XXX	.....XXX	.....0	.....0
2801. Appropriated Retained Earnings	.....XXX	.....XXX	.....1,000,000	.....1,000,000
2802. ....	.....XXX	.....XXX		
2803. ....	.....XXX	.....XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	.....XXX	.....XXX	.....0	.....0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	.....XXX	.....XXX	.....1,000,000	.....1,000,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	2,119,331	2,215,067
2. Net premium income (including \$0 non-health premium income).....	XXX	538,273,841	514,504,343
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	3,291,739
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	538,273,841	517,796,082
Hospital and Medical:			
9. Hospital/medical benefits		353,278,875	314,658,067
10. Other professional services		274,527	145,423
11. Outside referrals		14,231,468	13,364,593
12. Emergency room and out-of-area		10,115,643	9,218,283
13. Prescription drugs		97,973,182	89,666,776
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		6,617,150	17,109,945
16. Subtotal (Lines 9 to 15)	0	482,490,845	444,163,087
Less:			
17. Net reinsurance recoveries		0	155,544
18. Total hospital and medical (Lines 16 minus 17)	0	482,490,845	444,007,543
19. Non-health claims (net).....		0	0
20. Claims adjustment expenses, including \$ 792,204 cost containment expenses.....		7,922,044	6,481,288
21. General administrative expenses.....		44,891,582	36,727,299
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	535,304,471	487,216,130
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	2,969,370	30,579,952
25. Net investment income earned		6,151,008	4,120,799
26. Net realized capital gains (losses) less capital gains tax of \$		(14,203)	9,001
27. Net investment gains (losses) (Lines 25 plus 26)	0	6,136,805	4,129,800
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	9,106,175	34,709,752
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	9,106,175	34,709,752
DETAILS OF WRITE-INS			
0601.	XXX	0	0
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	207,797,354	155,024,288	155,024,288
34. Net income or (loss) from Line 32.....	9,106,175	34,709,752	57,809,653
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....	(2,217,518)	(947,588)	(1,663,920)
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	3,112,635	(6,344,291)	(3,372,667)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....	0	0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	0
48. Net change in capital & surplus (Lines 34 to 47).....	10,001,292	27,417,873	52,773,066
49. Capital and surplus end of reporting period (Line 33 plus 48)	217,798,646	182,442,161	207,797,354
DETAILS OF WRITE-INS			
4701.		0	0
4702.		0	0
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	545,565,328	1,039,057,723
2. Net investment income	6,509,162	10,302,632
3. Miscellaneous income	0	0
4. Total (Lines 1 to 3)	552,074,490	1,049,360,355
5. Benefits and loss related payments	515,382,455	895,939,847
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	53,191,838	93,547,583
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	568,574,293	989,487,430
11. Net cash from operations (Line 4 minus Line 10)	(16,499,803)	59,872,925
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	7,997,008	43,711,060
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	69,756	(762,463)
12.7 Miscellaneous proceeds	0	849,799
12.8 Total investment proceeds (Lines 12.1 to 12.7)	8,066,764	43,798,396
13. Cost of investments acquired (long-term only):		
13.1 Bonds	10,816,810	47,551,246
13.2 Stocks	152,728	22,006,576
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	24,873	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	10,994,411	69,557,822
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(2,927,647)	(25,759,426)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(3,992,707)	(10,010,264)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(3,992,707)	(10,010,264)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Lines 15 and 17)	(23,420,157)	24,103,235
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	150,093,072	125,989,837
19.2 End of period (Line 18 plus Line 19.1)	126,672,915	150,093,072

STATEMENT AS OF JUNE 30, 2006 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	372,107	939	370,199	.0	.0	.0	.0	969	.0	.0	.0	.0	.0
2 First Quarter	354,100	1,177	349,039	.0	.0	.0	.0	3,884	.0	.0	.0	.0	.0
3 Second Quarter	350,471	1,209	344,590					4,672					
4. Third Quarter .....	.0												
5. Current Year	0												
6 Current Year Member Months	2,119,331	7,120	2,088,024					24,187					
Total Member Ambulatory Encounters for Period:													
7. Physician	1,284,577	4,267	1,251,255					29,055					
8. Non-Physician	34,833	116	33,929					788					
9. Total	1,319,410	4,383	1,285,184	0	0	0	0	29,843	0	0	0	0	0
10. Hospital Patient Days Incurred	41,115	131	38,561					2,423					
11. Number of Inpatient Admissions	10,741	35	10,284					422					
12. Health Premiums Written	538,631,626	1,586,469	522,700,880					14,344,277					
13. Life Premiums Direct .....	.0												
14. Property/Casualty Premiums Written .....	.0												
15. Health Premiums Earned	538,273,841	1,585,392	522,346,107					14,342,342					
16. Property/Casualty Premiums Earned .....	.0												
17. Amount Paid for Provision of Health Care Services	515,461,495	1,912,183	502,975,452					10,573,860					
18. Amount Incurred for Provision of Health Care Services	482,490,845	1,912,183	467,815,701					12,762,961					

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	73,139,279	400,243,403	7,168,630	65,913,831	80,307,909	80,003,248
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare	550,674	10,023,186	19,056	2,999,291	569,730	829,245
7. Title XIX - Medicaid .....					.0	.0
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	73,689,953	410,266,589	7,187,686	68,913,122	80,877,639	80,832,493
10. Healthcare receivables (a)	6,464,087	787,004	97,529	6,543,127	6,561,616	6,984,617
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts	35,024,162	3,731,882	.0	10,772,422	35,024,162	39,355,348
13. Totals	102,250,028	413,211,467	7,090,157	73,142,417	109,340,185	113,203,224

(a) Excludes \$0 loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

HEALTH		
Note #	Description	Page #
1	Organization and Summary of Significant Accounting Policies	10.1
2	Accounting Changes and Correction of Errors	10.1
3	Business Combinations and Goodwill	10.1
4	Discontinued Operations	10.1
5	Investments	10.1
6	Joint Ventures, Partnerships and Limited Liability Companies	10.1
7	Investment Income	10.1
8	Derivative Instruments	10.1
9	Income Taxes	10.1
10	Information Concerning Parent, Subsidiaries, and Affiliates	10.1
11	Debt	10.1
12	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans	
13	Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi- Reorganizations	10.1
14	Contingencies	10.1
15	Leases	10.1
16	Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk	10.1
17	Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities	10.1
18	Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans	10.1
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators	10.2
20	September 11 Events	10.2
21	Other Items	10.2
22	Events Subsequent	10.2
23	Reinsurance	10.2
24	Retrospectively Rated Contracts & Contracts Subject to Redetermination	10.2
25	Change in Incurred Claims and Claim Adjustment Expenses	10.2
26	Intercompany Pooling Arrangements	10.2
27	Structured Settlements	10.2
28	Health Care Receivables	10.2
29	Participating Policies	10.2
30	Premium Deficiency Reserves	10.2
31	Anticipated Salvage and Subrogation	10.2

NOTES TO FINANCIAL STATEMENTS

No material changes from year end disclosures.

2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

3. Business Combinations and Goodwill

No material changes from year end disclosures.

4. Discontinued Operations

No material changes from year end disclosures.

5. Investments

No material changes from year end disclosures.

6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

7. Investment Income

No material changes from year end disclosures.

8. Derivative Instruments

No material changes from year end disclosures.

9. Income Taxes

No material changes from year end disclosures.

10. Information Concerning Parent, Subsidiaries, and Affiliates

No material changes from year end disclosures.

11. Debt

No material changes from year end disclosures.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

14. Contingencies

No material changes from year end disclosures.

15. Leases

No material changes from year end disclosures.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from 1st quarter disclosures.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No material changes from year end disclosures.

18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from 1st quarter disclosures

NOTES TO FINANCIAL STATEMENTS

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

20. September 11 Events

No material changes from year end disclosures.

21. Other Items

No material changes from year end disclosures.

22. Events Subsequent

No material changes from year end disclosures.

23. Reinsurance

No material changes from year end disclosures.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from 1st quarter disclosures

25. Change in Incurred Claims and Claim Adjustment Expenses

No material changes from year end disclosures.

26. Intercompany Pooling Arrangements

No material changes from year end disclosures.

27. Structured Settlements

No material changes from year end disclosures.

28. Health Care Receivables

No material changes from year end disclosures.

29. Participating Policies

No material changes from year end disclosures.

30. Premium Deficiency Reserves

No material changes from year end disclosures.

31. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [☐] No [X]
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes [☐] No [☐]
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [☐] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [☐] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [☐] No [X]
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes [☐] No [X] NA [☐]

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2003
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/04/2005
- 6.4

By what department or departments?
OF IS.....
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes [☐] No [X]
- 7.2

If yes, give full information:
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes [☐] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes [☐] No [X]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

FINANCIAL

- 9.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 9.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$1,661,885

INVESTMENT

- 10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]
- 10.2 If yes, explain:
.....

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]
- 11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$0

13. Amount of real estate and mortgages held in short-term investments:\$0

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []

14.2 If yes, please complete the following:

		1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Statement Value
14.21 Bonds .....	\$	.....	\$ .....
14.22 Preferred Stock .....	\$	.....	\$ .....
14.23 Common Stock .....	\$	.....12,677,982	\$8,696,374
14.24 Short-Term Investments .....	\$	.....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$	.....	\$ .....
14.26 All Other .....	\$	.....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$	.....12,677,982	\$8,696,374
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$	.....	\$ .....

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, MI.....
Huntington National Bank.....	Grand Rapids, MI.....
Mellon Trust.....	Pittsburgh, PA.....

- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
n/a.....	Prime Investments.....	Bloomfield, CT.....

- 17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

17.2 If no, list exceptions:
.....

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	312,868	404,124
2. Increase (decrease) by adjustment	(44,882)	(91,256)
3. Cost of acquired	0	0
4. Cost of additions to and permanent improvements	0	0
5. Total profit (loss) on sales	0	0
6. Increase (decrease) by foreign exchange adjustment	0	0
7. Amount received on sales	0	0
8. Book/adjusted carrying value at end of current period	267,986	312,868
9. Total valuation allowance	0	0
10. Subtotal (Lines 8 plus 9)	267,986	312,868
11. Total nonadmitted amounts	267,986	234,651
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0	78,217

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year.....	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....	0	15,217,376
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		(15,217,376)
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	174,471,544	136,045,740
2. Cost of bonds and stocks acquired	10,969,538	69,557,822
3. Accrual of discount	33,622	0
4. Increase (decrease) by adjustment	(2,217,519)	12,583,333
5. Increase (decrease) by foreign exchange adjustment	0	0
6. Total profit (loss) on disposal	(14,203)	(4,291)
7. Consideration for bonds and stocks disposed of	7,997,008	43,711,060
8. Amortization of premium	408,546	0
9. Book/adjusted carrying value, current period	174,837,428	174,471,544
10. Total valuation allowance	0	0
11. Subtotal (Lines 9 plus 10)	174,837,428	174,471,544
12. Total nonadmitted amounts	0	0
13. Statement value	174,837,428	174,471,544

STATEMENT AS OF JUNE 30, 2006 OF THE Priority Health

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	286,519,599	113,708,222	145,011,825	(85,564)	286,519,599	255,130,432	.0	274,287,895
2. Class 2	7,873,976		105,000	(23,356)	7,873,976	7,745,620	.0	10,802,221
3. Class 3 .....	.0				.0	.0	.0	.0
4. Class 4 .....	.0				.0	.0	.0	.0
5. Class 5 .....	.0				.0	.0	.0	.0
6. Class 6	0				0	0	0	0
7. Total Bonds	294,393,575	113,708,222	145,116,825	(108,920)	294,393,575	262,876,052	0	285,090,116
PREFERRED STOCK								
8. Class 1 .....	.0				.0	.0	.0	.0
9. Class 2 .....	.0				.0	.0	.0	.0
10. Class 3 .....	.0				.0	.0	.0	.0
11. Class 4 .....	.0				.0	.0	.0	.0
12. Class 5 .....	.0				.0	.0	.0	.0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	294,393,575	113,708,222	145,116,825	(108,920)	294,393,575	262,876,052	0	285,090,116

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	129,862,622	XXX	129,904,022	3,346,036	242,303

SCHEDULE DA - PART 2- VERIFICATION

Short-Term Investments Owned		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	156,709,056	128,485,679
2. Cost of short-term investments acquired	151,234,170	348,041,864
3. Increase (decrease) by adjustment	69,756	(758,544)
4. Increase (decrease) by foreign exchange adjustment	0	0
5. Total profit (loss) on disposal of short-term investments	0	(3,918)
6. Consideration received on disposal of short-term investments	178,150,360	319,056,025
7. Book/adjusted carrying value, current period	129,862,622	156,709,056
8. Total valuation allowance	0	0
9. Subtotal (Lines 7 plus 8)	129,862,622	156,709,056
10. Total nonadmitted amounts	0	0
11. Statement value (Lines 9 minus 10)	129,862,622	156,709,056
12. Income collected during period	3,173,489	4,242,939
13. Income earned during period	3,155,004	4,602,978

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

STATEMENT AS OF JUNE 30, 2006 OF THE Priority Health

SCHEDULE S—CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

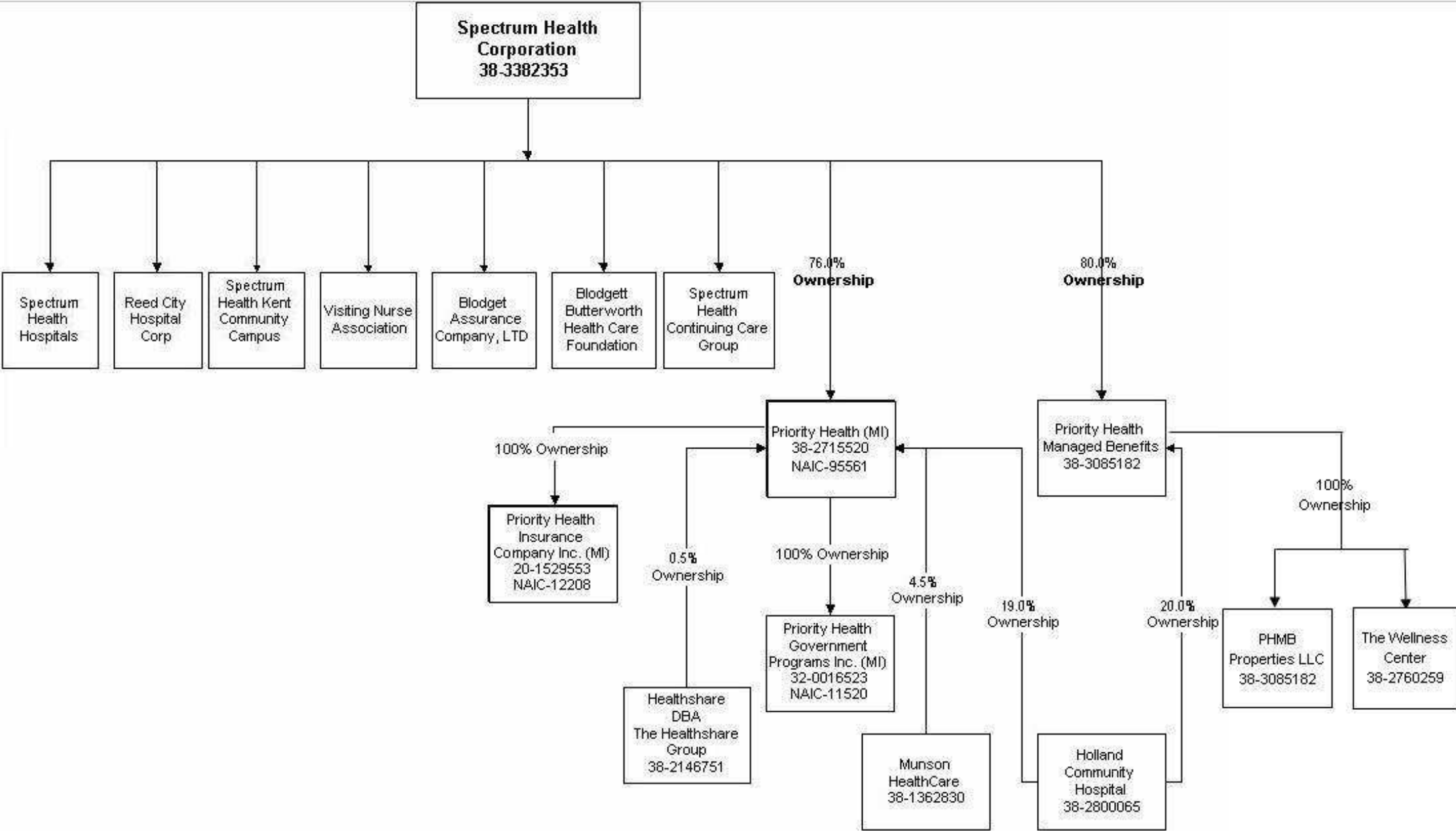
[illegible]

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories									
States, Etc.	1	2	Direct Business Only Year-to-Date						
			3	4	5	6	7	8	
	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums	
1. Alabama	AL	No							
2. Alaska	AK	No							
3. Arizona	AZ	No							
4. Arkansas	AR	No							
5. California	CA	No							
6. Colorado	CO	No							
7. Connecticut	CT	No							
8. Delaware	DE	No							
9. District of Columbia	DC	No							
10. Florida	FL	No							
11. Georgia	GA	No							
12. Hawaii	HI	No							
13. Idaho	ID	No							
14. Illinois	IL	No							
15. Indiana	IN	No							
16. Iowa	IA	No							
17. Kansas	KS	No							
18. Kentucky	KY	No							
19. Louisiana	LA	No							
20. Maine	ME	No							
21. Maryland	MD	No							
22. Massachusetts	MA	No							
23. Michigan	MI	No	524,287,349	14,344,277					
24. Minnesota	MN	No							
25. Mississippi	MS	No							
26. Missouri	MO	No							
27. Montana	MT	No							
28. Nebraska	NE	No							
29. Nevada	NV	No							
30. New Hampshire	NH	No							
31. New Jersey	NJ	No							
32. New Mexico	NM	No							
33. New York	NY	No							
34. North Carolina	NC	No							
35. North Dakota	ND	No							
36. Ohio	OH	No							
37. Oklahoma	OK	No							
38. Oregon	OR	No							
39. Pennsylvania	PA	No							
40. Rhode Island	RI	No							
41. South Carolina	SC	No							
42. South Dakota	SD	No							
43. Tennessee	TN	No							
44. Texas	TX	No							
45. Utah	UT	No							
46. Vermont	VT	No							
47. Virginia	VA	No							
48. Washington	WA	No							
49. West Virginia	WV	No							
50. Wisconsin	WI	No							
51. Wyoming	WY	No							
52. American Samoa	AS	No							
53. Guam	GU	No							
54. Puerto Rico	PR	No							
55. U.S. Virgin Islands	VI	No							
56. Northern Mariana Islands	MP								
57. Canada	CN	No							
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0
59. Subtotal	XXX	XXX	524,287,349	14,344,277	0	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	XXX							
61. Total (Direct Business)	XXX	(a) 1	524,287,349	14,344,277	0	0	0	0	0
DETAILS OF WRITE-INS									
5801.									
5802.									
5803.									
5898. Summary of remaining write-ins for Line 58 from overflow page			0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)			0	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

SCHEDULE D - PART 3

[illegible]

E04

STATEMENT AS OF JUNE 30, 2006 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31359M-JX-2	FNMA #610991		06/15/2006	MATURITY		100,000	100,000	100,000	100,000	0	0	0	0	0	100,000	0	0	0	2,625	06/15/2006	1
36202Y-XU-0	GNMA #626092		06/01/2006	MBS PAYDOWN		35,639	35,639	35,394	35,626	0	13	0	13	0	35,639	0	0	0	770	06/01/2034	1
36291E-RM-5	GNMA #636834		06/01/2006	MBS PAYDOWN		79,287	79,287	80,638	79,360	0	(73)	0	(73)	0	79,287	0	0	0	1,531	03/01/2034	1
36291S-PT-1	GNMA #636834		06/01/2006	MBS PAYDOWN		1,265	1,265	1,291	1,268	0	(3)	0	(3)	0	1,265	0	0	0	29	11/01/2034	1
0399999 - Bonds - U.S. Governments						216,191	216,191	217,323	216,255	0	(63)	0	(63)	0	216,191	0	0	0	4,955	XXX	XXX
31283H-S9-7	FHLMC G01444		06/01/2006	MBS PAYDOWN		11,603	11,603	12,086	11,636	0	(32)	0	(32)	0	11,603	0	0	0	313	08/01/2032	1
31287X-Z8-2	FHLMC C70767		06/01/2006	MBS PAYDOWN		1,019	1,019	1,055	1,019	0	0	0	0	0	1,019	0	0	0	25	09/01/2032	1
3128JW-ZC-0	FHLMC 1B2670		05/01/2006	MBS PAYDOWN		19,853	19,853	19,951	19,864	0	(11)	0	(11)	0	19,853	0	0	0	350	12/01/2034	1
3128K6-SB-2	FHLMC A46242		06/01/2006	MBS PAYDOWN		12,452	12,452	11,971	12,444	0	.7	0	.7	0	12,452	0	0	0	115	07/01/2035	1
3128MJ-BP-4	FHLMC G08045		06/01/2006	MBS PAYDOWN		11,615	11,615	11,543	11,612	0	.3	0	.3	0	11,615	0	0	0	240	03/01/2035	1
3128MJ-BQ-2	FHLMC G08046		06/01/2006	MBS PAYDOWN		39,599	39,599	40,193	39,637	0	(38)	0	(38)	0	39,599	0	0	0	906	03/01/2035	1
3128MJ-CJ-7	FHLMC G08072		06/01/2006	MBS PAYDOWN		10,955	10,955	10,676	10,948	0	.7	0	.7	0	10,955	0	0	0	145	08/01/2035	1
3128MM-CQ-4	FHLMC G18078		06/01/2006	MBS PAYDOWN		14,738	14,738	14,482	14,733	0	.5	0	.5	0	14,738	0	0	0	121	10/01/2020	1
3128MM-DG-5	FHLMC G18102		06/01/2006	MBS PAYDOWN		26,579	26,579	26,969	26,593	0	(14)	0	(14)	0	26,579	0	0	0	334	02/01/2021	1
31292H-R7-1	FHLMC C01410		06/01/2006	MBS PAYDOWN		4,613	4,613	4,758	4,618	0	(6)	0	(6)	0	4,613	0	0	0	113	10/01/2032	1
31292H-RZ-9	FHLMC C01404		06/01/2006	MBS PAYDOWN		5,417	5,417	5,620	5,424	0	(7)	0	(7)	0	5,417	0	0	0	140	10/01/2032	1
31292J-BQ-2	FHLMC C01847		06/01/2006	MBS PAYDOWN		18,063	18,063	17,837	18,051	0	.12	0	.12	0	18,063	0	0	0	412	06/01/2034	1
31292J-BR-0	FHLMC C01848		06/01/2006	MBS PAYDOWN		36,577	36,577	37,475	36,644	0	(67)	0	(67)	0	36,577	0	0	0	909	06/01/2034	1
31294K-YC-3	FHLMC E01607		06/01/2006	MBS PAYDOWN		18,283	18,283	18,512	18,300	0	(17)	0	(17)	0	18,283	0	0	0	384	04/01/2019	1
312965-TD-8	FHLMC B13248		06/01/2006	MBS PAYDOWN		23,288	23,288	23,699	23,304	0	(16)	0	(16)	0	23,288	0	0	0	485	04/01/2019	1
312969-ZB-8	FHLMC B17190		06/01/2006	MBS PAYDOWN		44,189	44,189	44,134	44,186	0	.3	0	.3	0	44,189	0	0	0	755	11/01/2019	1
312969-FY-9	FHLMC B16483		06/01/2006	MBS PAYDOWN		18,537	18,537	18,974	18,583	0	(46)	0	(46)	0	18,537	0	0	0	371	09/01/2019	1
31297C-KU-3	FHLMC A24807		06/01/2006	MBS PAYDOWN		101,490	101,490	100,142	101,424	0	.65	0	.65	0	101,490	0	0	0	2,202	07/01/2034	1
31297C-ZQ-6	FHLMC A25251		06/01/2006	MBS PAYDOWN		8,355	8,355	8,639	8,388	0	(33)	0	(33)	0	8,355	0	0	0	209	08/01/2034	1
31297E-UN-4	FHLMC A26889		06/01/2006	MBS PAYDOWN		3,111	3,111	3,147	3,113	0	(1)	0	(1)	0	3,111	0	0	0	71	09/01/2034	1
31297F-FG-1	FHLMC A28267		06/01/2006	MBS PAYDOWN		62,558	62,558	63,594	62,620	0	(62)	0	(62)	0	62,558	0	0	0	1,491	11/01/2034	1
31297W-QE-1	FHLMC A32253		06/01/2006	MBS PAYDOWN		3,187	3,187	3,115	3,185	0	.2	0	.2	0	3,187	0	0	0	66	04/01/2035	1
31297N-TA-4	FHLMC A33245		06/01/2006	MBS PAYDOWN		22,010	22,010	21,333	21,979	0	.31	0	.31	0	22,010	0	0	0	412	02/01/2035	1
31335H-4P-5	FHLMC C90830		06/01/2006	MBS PAYDOWN		16,187	16,187	15,952	16,177	0	.10	0	.10	0	16,187	0	0	0	302	05/01/2024	1
31335H-SF-6	FHLMC C90846		06/01/2006	MBS PAYDOWN		33,145	33,145	33,891	33,196	0	(51)	0	(51)	0	33,145	0	0	0	753	08/01/2024	1
3133X9-DY-3	FHLB 6T-9009 1		06/25/2006	MBS PAYDOWN		34,163	34,163	34,045	34,066	0	.97	0	.97	0	34,163	0	0	0	550	11/25/2009	1
31371H-D9-6	FNMA #252228		06/01/2006	MBS PAYDOWN		1,923	1,923	2,014	1,931	0	(8)	0	(8)	0	1,923	0	0	0	63	12/01/2028	1
31371K-T6-8	FNMA #254473		06/01/2006	MBS PAYDOWN		8,816	8,816	9,127	8,832	0	(17)	0	(17)	0	8,816	0	0	0	203	10/01/2017	1
31371K-JC-3	FNMA #254479		06/01/2006	MBS PAYDOWN		6,055	6,055	6,263	6,074	0	(18)	0	(18)	0	6,055	0	0	0	160	10/01/2032	1
31371K-WK-3	FNMA #254550		06/01/2006	MBS PAYDOWN		9,869	9,869	10,215	9,899	0	(29)	0	(29)	0	9,869	0	0	0	274	12/01/2032	1
31371L-DN-6	FNMA #254909		06/01/2006	MBS PAYDOWN		16,986	16,986	17,118	16,995	0	(9)	0	(9)	0	16,986	0	0	0	284	09/01/2013	1
31371L-F2-0	FNMA #254985		06/01/2006	MBS PAYDOWN		14,070	14,070	14,176	14,076	0	(5)	0	(5)	0	14,070	0	0	0	287	11/01/2023	1
31371L-K2-4	FNMA #255113		06/01/2006	MBS PAYDOWN		26,855	26,855	26,943	26,860	0	(5)	0	(5)	0	26,855	0	0	0	545	02/01/2024	1
31371L-SJ-9	FNMA #255321		06/01/2006	MBS PAYDOWN		22,729	22,729	23,301	22,757	0	(28)	0	(28)	0	22,729	0	0	0	508	07/01/2024	1
31371L-Z2-8	FNMA #255551		06/01/2006	MBS PAYDOWN		33,396	33,396	33,908	33,450	0	(53)	0	(53)	0	33,396	0	0	0	812	12/01/2024	1
31371W-WG-9	FNMA #256059		06/01/2006	MBS PAYDOWN		6,787	6,787	6,755	6,786	0	.1	0	.1	0	6,787	0	0	0	129	01/01/2036	1
31374G-WG-8	FNMA #313947		06/01/2006	MBS PAYDOWN		1,495	1,495	1,566	1,501	0	(6)	0	(6)	0	1,495	0	0	0	43	01/01/2028	1
31385J-LC-0	FNMA #545823		06/01/2006	MBS PAYDOWN		7,283	7,283	7,543	7,300	0	(17)	0	(17)	0	7,283	0	0	0	164	08/01/2017	1
31385J-RN-0	FNMA #545993		06/01/2006	MBS PAYDOWN		9,028	9,028	9,275	9,042	0	(14)	0	(14)	0	9,028	0	0	0	224	11/01/2032	1
31385W-ZD-0	FNMA #555272		06/01/2006	MBS PAYDOWN		13,343	13,343	13,691	13,364	0	(21)	0	(21)	0	13,343	0	0	0	330	03/01/2033	1
31385W-ZS-7	FNMA #555285		06/01/2006	MBS PAYDOWN		9,200	9,200	9,358	9,209	0	(9)	0	(9)	0	9,200	0	0	0	227	03/01/2033	1

SCHEDULE D - PART 4

Stock Sold, Redeemed or Otherwise Disposed of by the Company

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	11	12	13	14	15	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
									Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.								
31404J-U0-0.	FNMA #770052	06/01/2006	MBS PAYDOWN.		14,490	14,490	14,626	14,497	.0	(7)	.0	(7)	.0	14,490	.0	.0	.0	257	03/01/2019.	1	
31404K-TB-8.	FNMA #771046	06/01/2006	MBS PAYDOWN.		12,310	12,351	12,310	12,350	.0	1	.0	1	.0	12,351	.0	.0	.0	232	04/01/2019.	1	
31405B-A6-8.	FNMA #784029	06/01/2006	MBS PAYDOWN.		26,411	26,411	26,325	26,408	.0	3	.0	3	.0	26,411	.0	.0	.0	542	06/01/2019.	1	
31405C-UT-4.	FNMA #785494	06/01/2006	MBS PAYDOWN.		35,637	35,637	35,370	35,626	.0	11	.0	11	.0	35,637	.0	.0	.0	656	06/01/2034.	1	
31405F-3V-2.	FNMA #788412	06/01/2006	MBS PAYDOWN.		6,239	6,239	6,153	6,236	.0	3	.0	3	.0	6,239	.0	.0	.0	117	07/01/2019.	1	
31405H-SG-9.	FNMA #790247	06/01/2006	MBS PAYDOWN.		11,977	11,977	11,707	11,973	.0	4	.0	4	.0	11,977	.0	.0	.0	207	08/01/2034.	1	
31405M-MA-2.	FNMA #793353	06/01/2006	MBS PAYDOWN.		5,326	5,326	5,486	5,338	.0	(12)	.0	(12)	.0	5,326	.0	.0	.0	146	08/01/2034.	1	
31405N-S8-9.	FNMA #794443	06/01/2006	MBS PAYDOWN.		34,743	34,743	35,150	34,769	.0	(25)	.0	(25)	.0	34,743	.0	.0	.0	803	10/01/2034.	1	
31405P-Q0-6.	FNMA #795263	06/01/2006	MBS PAYDOWN.		12,309	12,309	12,532	12,323	.0	(14)	.0	(14)	.0	12,309	.0	.0	.0	248	09/01/2019.	1	
31406B-EU-0.	FNMA #804847	06/01/2006	MBS PAYDOWN.		7,501	7,501	7,234	7,490	.0	11	.0	11	.0	7,501	.0	.0	.0	141	01/01/2035.	1	
31406F-TS-0.	FNMA #808861	06/01/2006	MBS PAYDOWN.		45,051	45,051	45,754	45,091	.0	(39)	.0	(39)	.0	45,051	.0	.0	.0	1,018	01/01/2035.	1	
31406K-E9-7.	FNMA #812060	06/01/2006	MBS PAYDOWN.		32,464	32,464	32,317	32,458	.0	5	.0	5	.0	32,464	.0	.0	.0	557	03/01/2035.	1	
31406T-JR-3.	FNMA #819372	06/01/2006	MBS PAYDOWN.		26,492	26,492	26,353	26,485	.0	6	.0	6	.0	26,492	.0	.0	.0	505	03/01/2020.	1	
31407B-U6-4.	FNMA #826005	06/01/2006	MBS PAYDOWN.		13,423	13,423	12,959	13,398	.0	25	.0	25	.0	13,423	.0	.0	.0	275	07/01/2035.	1	
31407Y-R6-8.	FNMA #844809	06/01/2006	MBS PAYDOWN.		8,567	8,567	8,342	8,560	.0	7	.0	7	.0	8,567	.0	.0	.0	137	11/01/2035.	1	
31408A-EN-6.	FNMA #845341	06/01/2006	MBS PAYDOWN.		15,157	15,157	15,090	15,156	.0	1	.0	1	.0	15,157	.0	.0	.0	181	01/01/2036.	1	
31408B-2X-5.	FNMA #846890	06/01/2006	MBS PAYDOWN.		9,914	9,914	9,787	9,909	.0	5	.0	5	.0	9,914	.0	.0	.0	237	12/01/2035.	1	
31408D-U0-5.	FNMA #848491	06/01/2006	MBS PAYDOWN.		24,933	24,933	24,450	24,925	.0	8	.0	8	.0	24,933	.0	.0	.0	243	12/01/2035.	1	
3199999 - Bonds - Special Revenues					1,414,435	1,414,435	1,423,084	1,415,114	0	(679)	0	(679)	0	1,414,435	0	0	0	28,795	XXX	XXX	
025537-AA-9.	AMERICAN ELECTRIC POWER.	05/15/2006	MATURITY.		105,000	105,000	110,682	106,249	.0	(1,249)	.0	(1,249)	.0	105,000	.0	.0	.0	3,216	05/15/2006.	2FE	
07383F-AA-6.	BSCMS 1998-C1 A1.	06/01/2006	MBS PAYDOWN.		18,948	18,948	20,520	19,132	.0	(183)	.0	(183)	.0	18,948	.0	.0	.0	501	10/01/2007.	1FE	
22540A-JM-1.	CSFB 1998-C2 A2.	06/16/2006	MBS PAYDOWN.		7,745	7,745	8,461	7,814	.0	(69)	.0	(69)	.0	7,745	.0	.0	.0	204	12/11/2008.	1FE	
22540V-EH-1.	CSFB 2001-CKN5 A3.	06/01/2006	MBS PAYDOWN.		79,142	79,142	81,924	79,848	.0	(706)	.0	(706)	.0	79,142	.0	.0	.0	1,969	01/01/2010.	1FE	
23383V-BW-9.	DICAT 2002-C A4.	06/08/2006	MBS PAYDOWN.		169,258	169,258	170,488	169,504	.0	(246)	.0	(246)	.0	169,258	.0	.0	.0	2,156	12/08/2006.	1FE	
31925E-AE-6.	FIRST BANK NATIONAL	04/01/2006	MATURITY.		350,000	350,000	388,049	353,051	.0	(3,051)	.0	(3,051)	.0	350,000	.0	.0	.0	12,031	04/01/2006.	1FE	
337367-AB-2.	FULBA 1998-C2 A2.	06/01/2006	MBS PAYDOWN.		11,561	11,561	12,508	11,671	.0	(111)	.0	(111)	.0	11,561	.0	.0	.0	317	11/01/2008.	1FE	
41283A-BK-4.	HDMOT 2004-2 A1.	06/15/2006	MBS PAYDOWN.		25,595	25,595	25,593	25,583	.0	12	.0	12	.0	25,595	.0	.0	.0	232	11/15/2006.	1FE	
46625M-WW-5.	JPMCC 2003-CB6 A1.	06/01/2006	MBS PAYDOWN.		33,618	33,618	33,907	33,639	.0	(21)	.0	(21)	.0	33,618	.0	.0	.0	615	12/01/2012.	1FE	
61745M-KY-8.	MSC 1999-RM1 A2.	06/01/2006	MBS PAYDOWN.		17,689	17,689	19,614	17,837	.0	(148)	.0	(148)	.0	17,689	.0	.0	.0	491	10/01/2008.	1FE	
949780-AA-8.	WFMB3 2003-6 1A1.	06/01/2006	MBS PAYDOWN.		34,099	34,099	34,525	34,122	.0	(23)	.0	(23)	.0	34,099	.0	.0	.0	755	05/01/2018.	1FE	
4599999 - Bonds - Industrial and Miscellaneous					852,655	852,655	906,270	858,450	0	(5,795)	0	(5,795)	0	852,655	0	0	0	22,486	XXX	XXX	
6099997 - Bonds - Part 4					2,483,282	2,483,282	2,546,677	2,489,819	0	(6,537)	0	(6,537)	0	2,483,282	0	0	0	56,236	XXX	XXX	
6099999 - Total - Bonds					2,483,282	2,483,282	2,546,677	2,489,819	0	(6,537)	0	(6,537)	0	2,483,282	0	0	0	56,236	XXX	XXX	
6599999 - Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX	
7299999 - Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX	
7399999 - Total - Preferred and Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX	
7499999 Totals					2,483,282	XXX	2,546,677	2,489,819	0	(6,537)	0	(6,537)	0	2,483,282	0	0	0	56,236	XXX	XXX	

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

E05.1

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

STATEMENT AS OF JUNE 30, 2006 OF THE Priority Health

SCHEDULE E - PART 1 - CASH

[illegible]

SCHEDULE E - PART 2 CASH EQUIVALENTS

[illegible]